

Internal Revenue Service

Department of the Treasury

District
Director



Person to Contact:

Telephone Number:

Refer Reply to:

Date: JAN 22 1987

Gentlemen:

We have considered your application for exemption from Federal income tax as an organization described in section 501(c)(6) of the Internal Revenue Code of 1954.

The information submitted discloses that you were incorporated under the nonprofit corporation laws of the State of [REDACTED] on [REDACTED].

Article II of your Articles of Incorporation states that your purposes are to engage primarily as a realty board for the extension and promotion of the real estate business.

According to the information submitted, [REDACTED] percent of your total activities are spent on multiple listings services and [REDACTED] percent of your total income is derived from such activity. Your organization also provides particular services to your members such as lock boxes and sales of merchandise.

Section 1.501(c)(6)-1 of Income Tax Regulation states, in part, as follows:

"A business league is an association of persons having some common business interest, the purpose of which is to promote such common interest....It is an organization of the same general class as a chamber of commerce or board of trade. Thus, its activities should be directed to the improvement of business conditions within the real estate business as distinguished from the performance of particular services for individual persons."

It is the position of the Internal Revenue Service that the operation of a real estate multiple listing service is inherently designed for the rendering of particular services for individual board members as a convenience and economy in the conduct of their respective businesses. Therefore, an organization so operated, instead of primarily engaging in activities for the improvement of business conditions within the real estate business generally, is performing particular services for its members.

We further conclude that the operation of a real estate multiple listing service constitutes a business of a kind ordinarily carried on for profit. In this connection see Revenue Ruling 59-234, C.B. 1959-2 Page 149.

Since the vast majority of your time and income are a result of the operation of a multiple listing service, we have determined that this is your primary activity.

We have concluded that you do not qualify for exemption from Federal income tax as an organization described in section 501(c)(6) of the Internal Revenue Code. Accordingly, you are required to file income tax returns on Form 1120 annually with your District Director.

If you are in agreement with this proposed determination, we request that you sign and return the enclosed agreement Form 6018. Please note the instructions for signing on the reverse side of this form.

You have the right to protest this determination if you believe it is incorrect. Protest instructions are contained in Publication 892 enclosed.

If we do not hear from you within the time specified, this letter will become our final determination in this matter.

Sincerely yours,

District Director

Enclosures:
Publication 892
Form 6018